UNITED NATIONS

General Assembly

FORTY-EIGHTH SESSION

Official Records

FIFTH COMMITTEE
25th meeting
held on
Monday, 29 November 1993
at 10 a.m.
New York

SUMMARY RECORD OF THE 25th MEETING

Chairman: Mr. HADID (Algeria)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

CONTENTS

AGENDA ITEM 121: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued)

AGENDA ITEM 124: IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS (continued)

ORGANIZATION OF WORK

This record is subject to correction. Corrections should be sent under the signature of a member of the delegation concerned within *one week of the date of the publication* to the Chief of the Official Records Editing Section, room DC2-794, 2 United Nations Plaza, and incorporated in a copy of the record.

Corrections will be issued after the end of the session, in a separate corrigendum for each Committee.

Distr. GENERAL
A/C.5/48/SR.25
25 January 1994

ORIGINAL: ENGLISH

93-82735 (E)

The meeting was called to order at 10.20 a.m.

AGENDA ITEM 121: REVIEW OF THE EFFICIENCY OF THE ADMINISTRATIVE AND FINANCIAL FUNCTIONING OF THE UNITED NATIONS (continued) (A/48/16 (Part I and Part II), A/48/277, A/48/281, A/48/420 and Add.1, A/48/428, A/48/452 and A/48/640)

1. Mr. OTHMAN (Joint Inspection Unit) introduced the report of the Joint Inspection Unit (JIU) on accountability and oversight in the United Nations Secretariat (A/48/420). That report, which dealt with internal mechanisms and oversight, was to be followed by a wider report, to be submitted to the next session of the General Assembly, covering the whole United Nations system and dealing with both internal and external accountability and oversight processes.

2. In chapter II of the report, the four main oversight units of the Secretariat were examined and their common problems identified. In chapter IV, 12 other control and oversight processes were reviewed and found to be suffering from a number of weaknesses. Chapter VI considered the advantages of a single, consolidated oversight unit and concluded that such a unit could be achieved through the creation of a United Nations Office of Accountability and Oversight. The scope of the proposed Office would be to audit, inspect, investigate and evaluate all United Nations Secretariat personnel, programmes and activities for which the Secretary-General bore administrative responsibility. The range of options for the creation of such an Office was discussed in chapter VII.

3. After the JIU report had been sent to the Secretariat, and while the inspectors were gathering in New York to discuss it with Secretariat officials, the Secretary-General had announced the appointment of an Assistant Secretary-General for Inspections and Investigations. That appointment implicitly confirmed the report's principal findings.

4. Chapter VII of the report took up the issues of the leadership of the proposed Office, reporting responsibilities, staffing, funding and, lastly, its relationship to external oversight bodies. Because of well-founded and varying interpretations, all of which could be defended, the inspectors had decided to present two sets of recommendations. Option I, regarding the leadership of the Office, was based on Article 97 of the Charter, under which the Secretary-General was the chief administrative officer and therefore the person accountable to Member States, while option II argued for separation between the new entity and the administration of the Secretariat. Option I suggested that the Head of the Office should be appointed by the Secretary-General at the assistant secretary-general level for a period of five years, renewable once, in consultation with Member States and with the advice of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and the Committee for Programme and Coordination (CPC). Termination by the Secretary-General could occur only after extensive consultation with Member States. Under option II, the Head of the Office would be at the under-secretary-general level, selected from a list proposed by the International Organization of Supreme Audit Institutions, and termination could occur by withdrawal of funding for the post by the General Assembly or by agreement between the General Assembly and the Secretary-General.

(Mr. Othman)

5. On reporting responsibilities, option I suggested that annual reports should go to the General Assembly through the Secretary-General, after being channelled through CPC and/or ACABQ. The Secretary-General could comment on those matters in a separate report. Option II suggested that reports should go directly to the General Assembly through ACABQ/CPC and not through the Secretary-General.

6. On staffing, option I suggested the absorption of existing personnel from the four main Secretariat units studied. Staff would be members of the United Nations Secretariat and subject to its Staff Regulations and Staff Rules. Under option II the Head of the Office would have authority to recruit, promote and discipline his own staff. As an interim measure, they would be subject to the Staff Rules and Regulations but the Head of the Office should be charged by the General Assembly to prepare for its consideration rules and regulations for an oversight service separate from the United Nations Secretariat.

7. With regard to funding, option I suggested that the Office should be funded through the normal United Nations budget process, while option II proposed the allocation of a fixed percentage of the financial resources available to the activities for which the Office had oversight responsibilities. Regarding the relationship with external oversight bodies, such as ACABQ, CPC, the Board of Auditors and the Joint Inspection Unit, both options indicated that the Head of the Office should act as the Secretariat's liaison to ensure that roles and functions were complementary and to enhance cooperation and coordination. Within that framework, the General Assembly, CPC, ACABQ and the Secretary-General could request external audit and inspection bodies, such as the Board of Auditors and JIU, to carry out specific inspections and investigations, especially those for which internal mechanisms were not appropriate. The inspectors believed that even an internal control body like the Office should itself be subject to monitoring and oversight, to be entrusted to the external bodies accountable to Member States.

8. Elements from the two sets of options could be combined to form a third alternative. Whatever accommodation was arrived at, a minimum set of principles should be ensured. The inspectors' final recommendations were straightforward: the General Assembly should support the new Office of Assistant Secretary-General for Inspections and Investigations and ensure that its financial and human resources were both quantitatively and qualitatively adequate. In considering the establishment of a higher-level post, with broader audit, evaluation and investigation authority, to be proposed to the forty-ninth session of the General Assembly, the Assembly and the Secretary-General should assess the problems of the four former oversight units and other oversight processes in the United Nations in order to ensure that the new authority would provide the most effective possible mixture of oversight functions and capabilities. They should seek to institutionalize the advantages of a single consolidated office, as set forth in chapter VI of the report, and should take into account the two sets of options, or a combination of elements of the two, in respect of the new body.

(Mr. Othman)

9. The inspectors trusted that the report would contribute to better management in the United Nations. One of the facts that had come to light during the preparation of the report was the relevance of previous JIU reports regarding better management and more economical use of resources. The other sad fact was that many of the recommendations in those reports had gone unheeded.

10. Mr. BROUHNS (Belgium), speaking on behalf of the members of the European Union, said that they were in agreement with the principle of establishing an Office of Inspector General. Such an Office should, however, be based on a number of guiding principles. First, it was necessary to establish a system of accountability and responsibility for the Organization's programme managers and staff. Second, the functions of the external control bodies, such as the Board of Auditors and the Joint Inspection Unit, should be preserved. Third, internal and external oversight responsibilities should be strictly separated. Fourth, respect for the rights of the staff should be guaranteed in any new or existing oversight process, in particular through a special jurisdiction that would preserve those rights. Lastly, the reform should not generate a new and costly bureaucracy disproportionate to any benefits which might accrue from it.

11. The European Union was ready to work with other delegations to provide the Organization with an effective management, oversight and follow-up mechanism. It had noted the United States proposal with interest and was ready to contribute actively and constructively to the debate on it.

12. The existing internal mechanisms for accountability were indeed defective. It was unfortunate that the report of the Secretary-General (A/48/452) did not provide a solution to the problem. The members of the European Union supported the recommendation of CPC that a system of accountability and responsibility should be implemented by 1 January 1995, providing, as a minimum, for clear supervisory responsibilities and mechanisms for performance assessment and remedial action. Any new system should not impair the smooth operation of the organs established by the General Assembly and should respect the responsibilities of the Secretary-General as established in the Charter. The quality of the investigations carried out by the Board of Auditors and the usefulness of its reports and recommendations were acknowledged. However, most of the resolutions addressed to the Secretariat on the basis of those recommendations had no effect.

13. The uneven quality of the reports addressed to the General Assembly by the Joint Inspection Unit suggested that the Unit was in need of some improvement. It would be unacceptable, however, to abolish what was the only system-wide body with powers to investigate the administrative efficiency and financial management of the United Nations. Some JIU reports had been very interesting, for example, the report on accountability and oversight in the United Nations Secretariat (A/48/420), to which the United States delegation had referred in making its proposal for the establishment of the Office of Inspector General. The responsibility entrusted to the inspectors and the high level of competence required demanded that greater attention should be paid to the appointment of members of the Unit.

(Mr. Brouhns, Belgium)

14. Internal control mechanisms were necessary in any organization and the Secretary-General must have at his disposal an oversight mechanism that would enable him to run his administration more effectively. That presupposed the independence of the services concerned from the administration for which they had oversight responsibilities. The European Union agreed with the Secretary-General that the new Office for Inspections and Investigations was only a first step in that direction. It was unfortunate that the services transferred to it lacked the financial and staff resources needed to carry out their task. The functions of the new Office should form the nucleus of the new structure that must be developed and given the necessary resources to become an effective instrument for the Secretary-General. The European Union awaited with interest the proposals to be submitted by the Secretary-General to the forty-ninth session of the General Assembly.

15. The investigative functions of the new Office should also be very precisely defined. The competence of the supervisory bodies should be limited to investigating cases of violations of the regulations in force and they should not be empowered to decide what penalties should be imposed on the persons accused. A presumption of innocence and respect for the right of defence must be guaranteed and investigations should not be based solely on reports of alleged wrongdoing. Basically they should be part of regular inspection activities that would make it possible to uncover irregularities and identify the persons responsible.

16. Lastly, the European Union stressed the importance of evaluation, which should be clearly distinguished from internal auditing. The aim of evaluation was to measure the impact and effectiveness of operational activities and programmes, thus making it possible to identify programmes that were no longer appropriate. It required staff with specialized training and experience of the fields concerned. The reform of the oversight process should therefore also have as its aim the establishment of a genuine mechanism for evaluating programme execution. Internal auditing and evaluation were complementary processes and both were essential for making the Organization more efficient. Both, therefore, should be considerably strengthened and given a considerable degree of autonomy.

17. Mr. ROSTING (Denmark), speaking on behalf of the Nordic countries, said that the item before the Committee was one of the key issues at the current session of the General Assembly. The message of the report of JIU (A/48/420) was clear: improvement and change were necessary and overdue. The United States proposal for an independent Inspector General had many features in common with the proposals in the JIU report. On the basis of the information in that report and the ideas put forward by the United States, it was hoped that it would be possible to reach decisions that would promote accountability and a systematic, professional and transparent system of oversight for United Nations programming and management efforts.

(Mr. Rosting, Denmark)

18. He expressed the Nordic countries' satisfaction at the assurance given by the United States that it was committed to meeting its current assessments and paying its arrears. They agreed wholeheartedly with the United States delegation in recognizing that failure to pay assessed contributions damaged the Organization's ability to carry out its responsibilities. At the same time, the Nordic countries were convinced that Member States were entitled to expect full accountability for the resources made available to the Organization. Member States should be assured that funds were being managed efficiently for the purposes for which they were intended and in accordance with the Financial Regulations and Rules of the United Nations. A number of internal and external oversight and inspection mechanisms had developed since the establishment of the United Nations and functioned with varying success. Clearly, they had suffered in the past from a lack of resources and support and there had been serious problems with compliance. A review of both internal and external mechanisms was called for in order to enhance efficient management.

19. The Nordic countries had welcomed the appointment of an Assistant Secretary-General for Inspections and Investigations as a step towards consolidating and coordinating the existing internal mechanisms. They had studied with interest the note by the Secretary-General on the Office for Inspections and Investigations (A/48/640) and strongly supported the general approach described. They found the plan to make systematic assessments of the risks associated with each activity particularly interesting. Since resources for audits were bound to be scarce, such assessments would be effective in setting priorities in audit planning. The Nordic countries hoped that plans for enhancing, reorienting and strengthening the Office for Inspections and Investigations would be pursued and not deferred pending the discussion of an Office of Inspector General.

20. The aim of the United States proposal seemed to be to contribute to the further development of the Secretary-General's measures to establish a higher-level, independent oversight structure, and also to make the oversight function much more visible externally. The Nordic countries agreed in principle with the suggestions made regarding such elements as independence, authority and accountability to Member States, but further discussions would be needed to clarify a number of aspects. The United States proposal was clear in most respects on the appointment and removal of the proposed Inspector General, and on his or her operating authority, reporting, budget and staffing. However, more detailed discussions might be called for concerning certain aspects of the relationship or balance between a future Inspector General, the Secretary-General and the General Assembly, as well as the division of labour between internal and external audit and oversight activities. The Nordic countries believed that an Inspector General's responsibility should cover the United Nations regular budget, peace-keeping and related extrabudgetary programmes.

21. The Secretary-General would remain ultimately responsible for the efficiency of United Nations activities, including internal controls. According to the United States proposal, the Inspector General would carry out his/her

(Mr. Rosting, Denmark)

duties and responsibilities entirely independently of the Secretariat. That meant that the Secretary-General could not tell the Inspector General whether or not to undertake a specific investigation. The Secretary-General and the Inspector General might disagree as to which investigations should be given priority. If an area of responsibility was excluded from the Secretary-General's remit, there might be ambiguity as to where the ultimate responsibility lay. There was therefore a need to clarify the extent to which the Secretary-General could impinge on the Inspector General's sphere of competence. Furthermore, it was not clear how the Inspector General's independence could be reconciled with the fact that he would be appointed by the Secretary-General.

22. Nor was the balance between internal and external auditing entirely clear. Merged internal and external control functions might prove difficult to manage. There were arguments in favour of making an Office of Inspector General a part of the Secretariat, but its effectiveness would really depend on an independent and impartial status. Relationships with other internal and external auditing bodies would also have to be clearly defined. In any event, the oversight responsibility of the General Assembly should still be discharged by the Board of Auditors without any weakening of its mandate. In particular, the Board must continue to conduct performance audits, and an Office of Inspector General should not be given exclusive competence in that area.

23. The Nordic countries attached great importance to the independent status of the proposed Office, in particular in its appointment procedures, funding and reporting, and in the freedom of the Inspector General to chose his staff. The establishment of the Office must be in accordance with Article 100 of the Charter.

24. The Office should be a supportive body with a key role in improving the competence, working environment and management systems of the Organization. The encouragement of self-evaluation and provision of counselling were therefore important functions. The Office should take into account the ideas of the staff on improving the Organization's performance, for staff cooperation was essential to the Office's effectiveness. The achievement of higher levels of competence should be rewarded and wrongdoing and non-performance of duties punished. Strong measures should be introduced to protect staff members who reported waste, mismanagement and wrongdoing, together with measures to protect the rights of persons under investigation.

25. The establishment of the Office would not cure all the Organization's ills. It was important to develop the skills and spirit of the members of the Secretariat. An accountability culture based on transparency and credibility must also be developed. It appeared that the improvement of oversight and accountability would require more staff and resources.

26. Mr. LADSOUS (France) said that France supported in principle the creation of an Office of Inspector General to strengthen the ex post facto financial control mechanisms of the Organization, which had become necessary owing to the rapid growth of the Organization's activities and the considerable financial

(Mr. Ladsous, France)

resources involved. The functions of the Office and its place in the Organization, in particular its relations with the General Assembly, the Secretary-General and existing organs of control, should be the object of an in-depth discussion by Member States.

27. On the question of breaches of the financial and accounting rules of the United Nations, his delegation did not believe that the incidence of fraud or corruption in the United Nations was as widespread as had been portrayed by certain elements of the news media. The vast majority of United Nations staff, often working in difficult conditions, displayed dedication and integrity, which deserved the gratitude of Member States. It was all the more regrettable, therefore, that the image of the Organization should be unjustly tarnished by isolated cases of breaches of the financing and accounting rules. In that regard, his delegation believed that the absence of appropriate mechanisms for identifying and punishing those responsible for such breaches contributed to the distortion of reality.

28. In an attempt to respond to those concerns, his delegation had proposed to the General Assembly the creation of a Disciplinary Court for Financial/Budgetary Offences. It was essential to have a clear and transparent jurisdictional mechanism in order to ensure compliance with accounting and financial regulations and procedures. At the same time, the rights of the staff of the Organization must be respected, in particular the presumption of innocence.

29. The proposed court should be independent, consisting of six members chosen by the General Assembly from a list of high-ranking judges with expertise in financial matters, and should, at the request of the Secretary-General or of the Inspector General, be entrusted with punishing violations of the accounting and financial rules of the Organization. Its structure should be flexible so that its decisions could be arrived at expeditiously while the rights of all parties were respected. Its procedures and the definition of violations and punishments would have to be worked out by Member States in close collaboration with the Secretariat. His delegation hoped that a consensus could be achieved on its proposal and stood ready to provide any additional information members might wish to receive.

30. Mr. DAMICO (Brazil) noted that the carefully structured proposal for the establishment of an Office of Inspector General had evolved since it had first been brought to the Committee's attention. The proposed mandate of the Office and its relationship with other internal and external bodies entrusted with oversight and control had been further specified. The procedures for nomination, approval and demotion of the head of the Office had also been carefully designed. His delegation therefore looked forward to participating in the consensus-building process for the creation of the Office.

31. In his delegation's view, the role of Member States in discussing and approving the regular budget and the financing of peace-keeping operations was not coupled with ex post facto oversight and control. Too often, recommendations by the Board of Auditors had simply been ignored. There was

(Mr. Damico, Brazil)

therefore plenty of room for improvement in the crucial areas of control and oversight.

32. The proposal struck a workable balance between the respective roles of the General Assembly and the Secretary-General in the selection of the Inspector General. The internal and external reporting responsibilities of the Office would also help to improve monitoring of United Nations activities. In both instances, the proposed procedures would help to reaffirm the ultimate responsibility of the General Assembly over management control issues, without undermining the authority of the Secretary-General as the chief administrative officer of the Organization.

33. The Board of Auditors was the most effective external control mechanism at the disposal of the General Assembly. Unfortunately, in the absence of a more effective internal control mechanism, the Board had been forced to assume additional responsibilities related to the internal control and oversight. His delegation hoped that the strengthening of the internal control mechanisms through the creation of the Office of Inspector General would alleviate the burden on the Board of Auditors. It also hoped that the proposed Office would help to draw a clear line between internal and external auditing and control.

34. His delegation agreed with the suggestion that the staff assigned to the Office should be part of the common system and should be recruited on the basis of equitable geographical distribution. The secondment of staff to the Office was not advisable, even though that practice had proved to be useful in other cases.

35. Mr. KALPAGE (Sri Lanka) said that, in order to review the efficiency of the administrative and financial functioning of the United Nations each year, Member States must be provided with the relevant documents on time. It was regrettable that that had not been the case.

36. In the current post-cold-war period, the General Assembly had embarked on a wide-ranging exercise involving the restructuring and revitalization of the General Assembly, the economic and social sectors, the Security Council and the Secretariat, the aim of which was to make the United Nations function more effectively.

37. While some of the recent criticism of the United Nations in the media and by Member States might be attributable to an inadequate understanding of the Organization's purposes and how it functioned, it would be unwise to dismiss all criticism as unfounded and unfriendly. It was essential to examine the Organization's deficiencies and shortcomings and to take appropriate corrective measures. In that connection, his delegation welcomed the Secretary-General's report entitled "Accountability and responsibility of programme managers in the United Nations" (A/48/452). It awaited his report on the comprehensive review of the regulations, rules and procedures governing the accountability and responsibilities of staff at all levels. In conducting that review, the Secretary-General should draw on any and all guidance which Member States could give in the course of their comments on the report.

(Mr. Kalpage, Sri Lanka)

38. Account must also be taken of experiences over the previous year with regard to programme performance in accordance with specific intergovernmental mandates. In that connection, the restructuring of the Secretariat should be the result of decisions taken within the framework of an intergovernmental negotiating process.

39. While the Secretary-General was the chief administrative officer of the Organization, policy was decided by the other organs and bodies of the United Nations, which was itself based on the sovereign equality of all its Members. If there was any conflict between the Secretariat and the Member States on matters of policy, the latter's view must prevail.

40. Mrs. GOICOCHEA (Cuba) said that the various proposals made to improve the efficiency of the administrative and financial functioning of the United Nations, particularly those put forward by the United States and France, should be considered together. Given the importance of the proposals, her delegation, like many others, would need time to consult its Government. She therefore hoped that the Committee would proceed without undue haste and with the benefit of the views of relevant organs of the Secretariat.

41. The CHAIRMAN said that the Committee had taken due note of the comments of the representative of Cuba and that adequate time would be made available for consultations.

AGENDA ITEM 124: IMPROVING THE FINANCIAL SITUATION OF THE UNITED NATIONS (continued) (A/48/460 and Corr.1, A/48/503 and Add.1 and A/48/565 and Corr.1)

42. Mrs. GOICOCHEA (Cuba) said that the capacity of the United Nations to implement the mandates entrusted to it by the Member States depended to a large extent on its financial stability. The Organization's precarious financial situation, which was analysed in document A/48/503, was therefore a matter of concern. It was important, however, to examine the reasons for the failure of Member States to pay their contributions, since, in most cases, such failure was due to acute economic difficulties and not to any lack of political commitment. That fact should therefore be taken into account when imposing penalties on States in arrears, particularly where a State's right to vote might be suspended under Article 19 of the Charter.

43. Her delegation, nevertheless, held the view that, in order to ensure its financial stability, the United Nations should exercise greater financial discipline and budgetary efficiency. In that connection, her delegation shared the view that it was inappropriate for substantive documents which did not reflect the deliberations of the General Assembly or proposals by the Secretariat to be submitted for the consideration of Member States, as had been done in the case of the report of the Independent Advisory Group on United Nations financing (A/48/460). That situation should not be allowed to recur.

44. Turning to the Secretary-General's comments on the Independent Advisory Group's recommendations (A/48/503), her delegation agreed with the view that the current division of expenditure into three categories should be maintained. It

(Mrs. Goicochea, Cuba)

would be inappropriate to establish new parameters for the financing of certain activities. Her delegation also supported the principles which governed the special scale of assessment for peace-keeping operations, as set out in resolution 3101 (XXVIII). The permanent members of the Security Council should continue to contribute to such operations in a manner consistent with the rights which they enjoyed. The developed countries, for their part, should assume a greater share of the financial burden, consistent with their economic means.

45. The proposal that the budget should be adopted by consensus deserved particular attention for a number of reasons. Although the search for consensus was an understandable aspiration of all Member States, it was useful to recall the legal opinion issued in connection with resolution 3101 (XXVIII), to the effect that the decision-making process was governed by the provisions of the Charter of the United Nations and the rules of procedure of the General Assembly (resolution 41/213, annex II). The Fifth Committee should, in accordance with those provisions, continue to make all possible efforts with a view to establishing the broadest possible agreement.

46. Given the late submission of such an important document as the proposed programme budget, it was doubtful that agreement could be reached in the short time remaining in the session. A genuine willingness to achieve a consensus was therefore essential. Under no circumstances should the wishes of some States be imposed on others in the name of consensus.

47. Although her delegation agreed with the observations contained in paragraphs 17 and 18 of the Secretary-General's report (A/48/565) concerning the proposal that Member States should pay their annual assessments in quarterly instalments, it believed that it was for individual Member States alone to decide whether to adopt such a practice.

48. With regard to the proposal to charge interest on late payments, her delegation believed that such a measure would be unfair to countries which were unable to fulfil their financial commitments to the United Nations for economic reasons.

49. Recommendation 6 would require changes in the internal policies of Member States and was therefore unacceptable.

50. The proposal to increase the Working Capital Fund from $100 million to $200 million was a stopgap measure which would not solve the long-term problems. If Member States paid their assessed contributions on time, the level of the Fund would be adequate. Her delegation endorsed recommendation 10, that the United Nations should not be given authority to borrow. In addition, it supported the proposal contained in recommendation 11 to reduce the statistical base period to three years in order better to reflect the capacity to pay of Member States while making it possible for those with serious economic problems to fulfil their obligations to the Organization.

51. Cuba fully supported recommendation 21. The financing of the Organization was the concern of Member States alone. Adoption of the recommendation would

(Mrs. Goicochea, Cuba)

ensure that Member States would retain control over the budget and agenda of the Organization.

52. Mr. SWETJA (Indonesia) said that, despite the increase in the Organization's activities and visibility, its financial situation was strained to the breaking point. If left unaddressed, the growing arrears in contributions to the regular and peace-keeping budgets would further jeopardize the work of the United Nations. His delegation was particularly concerned that the situation had been responsible for significant delays in payments to troop-contributing countries. The timely reimbursement of troop costs was essential in order to maintain and further encourage the participation of Member States, especially the developing countries, in peace-keeping missions. However, the solution to the problem did not lay in increasing the level of the Working Capital Fund. Rather, Member States should pay their assessed contributions in full and on time. There was also urgent need for the United Nations to find ways to make its activities more cost-effective, particularly in the area of peace-keeping operations, and it should seek to correct shortfalls which resulted from the deliberate withholding of payments in open contravention of the Charter.

53. Commenting on the report of the Secretary-General on financing an effective United Nations (A/48/565), he agreed with the Secretary-General that it would be useful to maintain the categorization of the current United Nations expenditures under three broad headings, which ensured that all Member States shared equitably in the burden of supporting the core activities of the Organization. He also fully concurred with the Secretary-General that the consensus procedure for approving the regular budget should be continued, since it was only through a strong consensus that Member States were likely to fulfil their various commitments. He took note of the interesting proposal that the United Nations should require its Member States to pay their dues in quarterly instalments, which would serve, inter alia, to lighten the burden of making one single payment.

54. On the other hand, the idea that the United Nations should be given the authority to charge interest on late payments under the proposed quarterly schedule required further study. In that connection, account should be taken of the differences in the budget calendars of various countries and payments which were delayed for purely technical reasons should not be penalized. However, his delegation fully endorsed the recommendation that the United Nations should not be given the authority to borrow commercially, since that would risk not only undermining its fiscal discipline but also discouraging Governments from fulfilling their obligations in a timely manner

55. Given the growing recognition that peace, security and development were indivisible, a balance should be struck between expenditures on peace-keeping operations and those on development. It was already understood that the economically more developed countries were in a better position to make larger contributions towards the achievement of that important objective.

56. Mr. ELZIMAITY (Egypt) said that there must be a genuine political will to help the United Nations to perform its role. Any failure of the United Nations was a collective failure of its Member States. The Organization's current financial situation was unacceptable in view of the ending of the cold war, which had introduced a new era in which collective success must be achieved. Political will was the tool for securing that success.

57. Egypt agreed in general with the conclusion of the Independent Advisory Group that the cause of the financial crisis was the fact that not all Member States paid their assessed contributions in full and on time. It endorsed recommendations 1 and 2 and emphasized the need for the regular budget to be adopted before the end of December, for failure to do so would further aggravate the financial crisis.

58. Egypt also endorsed recommendation 3. It would not oppose recommendation 4 although, for its own budgetary reasons, it was not in favour of payment of dues in quarterly instalments. Since Egypt always tried to pay its contributions on time, it was in favour of recommendation 5 but would like to know whether the intention was to charge the least developed countries interest on late payments. It supported recommendations 8 and 9 and it did not believe that borrowing would solve the financial crisis (recommendation 10).

59. Egypt could accept increases in peace-keeping contributions (recommendation 12) because such contributions were an investment in peace, but it was opposed to a unified peace-keeping budget (recommendation 16) because difficulties would be created for peace-keeping operations if a major contributor failed to pay on time. It was also hard for the Secretariat to predict the needs of peace-keeping operations. Any delay in the reimbursement of costs to troop-contributing countries, particularly developing countries, was undesirable because it might cause the latter to freeze their contributions or refuse to contribute in future, thus undermining the universality of peace-keeping operations. Once again, the solution was for arrears to be cleared and for all contributions to be paid on time.

60. As the Secretary-General had emphasized, peace and security were indivisible and if Member States had the vision to regard multilateralism as sovereignty's most intelligent expression, then the future could be shaped to the betterment of all. Egypt believed that all States must cooperate to overcome the financial crisis and enable the United Nations to work towards that better future.

61. Mr. NDOBOLI (Uganda) said that his delegation appreciated the Secretary-General's efforts to keep Member States aware of the financial situation and his search for solutions to the Organization's financial problems. The United Nations must change in step with the world and it was now faced with increasing demands on all fronts. The challenges should be welcomed, for they had prompted the move to strengthen the United Nations. The major cause of the precarious financial situation was the failure of Member States to pay their contributions in full and on time. However, while some States withheld payment for political reasons, others were unable to pay because of circumstances beyond their control. The affluent States had a moral obligation to set an example, and it

(Mr. Ndoboli, Uganda)

was to be hoped that the distinction between affluent and deprived States would be taken into account in the negotiations on the item.

62. His delegation agreed with the central argument of the report of the Independent Advisory Group, in particular with regard to the consensus approval of the regular budget and the emphasis on the responsibility of large contributors. The Secretary-General should not be authorized to borrow commercially, for that would undermine the Organization's image and aggravate the financial crisis. His delegation was willing to consider a unified peace-keeping budget, provided that the question of mandates was resolved. But such an arrangement must not result in appropriations for peace-keeping operations in excess of the amounts approved by the General Assembly. His delegation supported the delegations which had questioned the procedural basis for circulating the report of the Independent Advisory Group.

63. Ms. MODISANE (Botswana) said that it should not take a resolution to make Member States recognize the importance of their financial responsibilities to the United Nations, or outside consultants to identify the causes of the financial crisis, for they agreed with the Secretary-General that the only solution was for Member States to improve their payment patterns. In fact, many of the recommendations of the Independent Advisory Group were not new.

64. Botswana agreed with recommendations 1 and 2 and reaffirmed the validity of resolution 3101 (XXVIII) which accorded special financial responsibilities to the permanent members of the Security Council. Botswana also supported recommendation 16 on a unified peace-keeping budget; a unified contingency fund would be more acceptable than the present unauthorized borrowings from the regular budget. Recommendation 17 also deserved support, for it would eliminate delays between adoption of a decision by the Security Council and the examination of its financial implications by the Fifth Committee, which would be able in due course to request the Secretary-General to present actual expenditures together with estimates for the remaining period of the operation. On a related matter, despite the Committee's repeated calls, there had been no improvement in the provision of information about peace-keeping appropriation requests. The Committee must work with the Secretariat to prevent the constant repetition of such requests in the future.

65. The delegation of Botswana concurred in the Secretary-General's view concerning recommendation 11, namely, that the base period used for the scale of assessments was a matter for the Committee on Contributions to decide. It would prefer the 10-year period to be retained, and any reduction should certainly be phased in over a number of years.

66. Recommendations 8 and 9 concerning the Working Capital Fund and the budgetary surpluses owed to States with arrears amounted to robbing Peter to pay Paul. The question of arrears must be addressed with urgency, for the figure of $525 million mentioned by the Secretary-General was disturbing. Botswana would support punitive measures only if they were proved to be the only effective

(Ms. Modisane, Botswana)

option. The Secretary-General should continue his consultations on the question at the highest levels but should in future report fully on them, especially with respect to their nature, dates and results and the reasons given for failure to pay, and he should specify the Member States not affected by Article 19 of the Charter. Other proposals made by the Independent Advisory Group could be explored as secondary measures as long as they were cost-effective. His delegation agreed with other delegations that, in the absence of an ACABQ report on the item, it should be referred to the resumed session.

67. The CHAIRMAN said that since ACABQ did not intend to submit a report on the item, the Committee had decided to consider it at the current stage of the session. In the informal consultations members of the Committee could make recommendations for decisions on the item, including a decision concerning an ACABQ report.

ORGANIZATION OF WORK

68. Mr. ORR (Canada) said that his delegation would like information on the status of the Secretary-General's second performance report on the programme budget for the biennium 1992-1993. In paragraph 3 of part XXVI of resolution 47/218 the Secretary-General had been requested to take steps to improve the budget performance report and make its presentation more timely. At an earlier meeting the Canadian delegation had asked for the report to be available by 1 December.

69. Mr. TAKASU (Controller) said that work on the report was in the final stages, but the Secretariat was still waiting for information from some offices away from Headquarters. The report would be issued soon, but a deadline of 1 December would be impossible to meet.

The meeting rose at 12.15 p.m.